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KIENA GOLD MINES LIMITED



ANNUAL REPORT

1969

KIENA GOLD MINES LIMITED

Executive Office

7 King Street East
Toronto

Mine Office

Val d'Or, Quebec

Officers

J. R. SMITH
President

G. T. N. WOODROOFFE
Vice-President

A. C. CALLOW
Secretary

J. T. McWHIRTER
Treasurer

Directors

D. E. HOWARD
G. P. MITCHELL
G. N. MOORE
J. R. SMITH
W. T. SWENSEN
G. T. N. WOODROOFFE

Transfer Agent and Registrar

CROWN TRUST COMPANY
302 Bay Street, Toronto
393 St. James St. W., Montreal

Auditors

CLARKSON, GORDON & Co.
Toronto

Annual Meeting

Mayfair Room,
King Edward Sheraton Hotel,
Toronto
July 7, 1970
2:00 p.m.
(Toronto Time)

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

The financial statements of your Company as at December 31, 1969 are submitted herewith.

No work was carried out on the property during the year, expenditures consisted largely of costs in keeping the property in good standing and maintaining the plant and equipment on the property on a care and maintenance basis.

Further work is entirely dependent among other things on a substantial increase in the price of gold.

On behalf of the Board,

J. R. SMITH,
President.

Toronto, Ontario,
May 28, 1970.

AUDITORS' REPORT

To the Shareholders of
Kiena Gold Mines Limited:

We have examined the balance sheet of Kiena Gold Mines Limited as at December 31, 1969 and the statements of development and other expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 24, 1970.

CLARKSON, GORDON & Co.,
Chartered Accountants.

KIENA GOLD MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1969

ASSETS

	1969	1968
Current:		
Cash and short term investments	\$ 73,555	\$ 59,633
Accounts receivable	164	22,613
	<u>73,719</u>	<u>82,246</u>
Fixed (note 1):		
Buildings, machinery and equipment, at cost	143,298	143,298
Mining claims and properties, at cost	331,596	332,456
	<u>474,894</u>	<u>475,754</u>
Other (note 1):		
Development and other expenditures (statement 2) (note 2)	2,937,590	2,928,328
Deposit for electric power	12,748	12,808
	<u>2,950,338</u>	<u>2,941,136</u>
	<u><u>\$3,498,951</u></u>	<u><u>\$3,499,136</u></u>

LIABILITIES

Accounts payable	\$ 98	\$ 283
Long term:		
6% income debentures due December 31, 1977-1978 (note 3)	250,000	250,000
Shareholders' equity:		
Share capital (note 3) —		
Authorized:		
2,500,000 6% non-voting preference shares with a par value of \$1.00 each (cumulative until December 31, 1968), redeemable at par		
5,000,000 common shares without par value		
Issued:		
2,467,459 preference shares	2,467,459	2,467,459
4,876,848 common shares	895,786	895,786
	<u>3,363,245</u>	<u>3,363,245</u>
Less deficit (unchanged during the year)	114,392	114,392
	<u>3,248,853</u>	<u>3,248,853</u>
	<u><u>\$3,498,951</u></u>	<u><u>\$3,499,136</u></u>

(See notes to financial statements)

On behalf of the Board:

J. R. SMITH, Director.

G. T. N. WOODROOFFE, Director.

KIENA GOLD MINES LIMITED

STATEMENT OF DEVELOPMENT AND OTHER EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
Balance, beginning of year	\$2,928,328	\$2,920,516
Expenditures during the year:		
General expense at the property	10,053	11,500
Administrative and corporate expenses	3,875	3,929
	13,928	15,429
Profit on disposal of fixed assets	242	484
Salvage revenue	800	6,681
Non-operating revenue	3,624	452
	4,666	7,617
Increase during the year	9,262	7,812
Balance, end of year	\$2,937,590	\$2,928,328

(See notes to financial statements)

STATEMENT 3

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
Source of funds:		
Salvage and non-operating revenue	\$ 4,424	\$ 7,133
Refund of deposit	60	32
Proceeds from sale of fixed assets	802	1,604
Sale of right of way	300	
	5,586	8,769
Application of funds:		
Development and other expenditures	13,928	15,429
Additions to fixed assets (net)		592
	13,928	16,021
Decrease in funds during the year	(8,342)	(7,252)
Working capital, at beginning of year	81,963	89,215
Working capital, at end of year	\$ 73,621	\$ 81,963

(See notes to financial statements)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1969

1. All work at the mine has ceased and the recovery of any expenditures made to date is entirely dependent upon future events including among other things a substantial increase in the price of gold.
2. Development and other expenditures include a total of \$2,416,973 in respect of which the tax benefits are claimable by other companies.
3. At December 31, 1965 arrears of dividends on the preferred shares amounted to \$163,796 and interest on the income debentures which is cumulative but payable only out of profits, amounted to \$38,605. All of these securities are owned by Falconbridge Nickel Mines Limited and that company has agreed to waive its right to receive the benefit of any further accruals of interest or dividends on these securities, after December 31, 1965 until a decision has been reached to place the company's property in production or to re-organize its capital. All preference shares outstanding must be redeemed before any dividends are paid on the common shares.
4. Remuneration of senior officers (as defined under the Corporations Act of Ontario) amounted to \$3,832 in 1969. No amounts were paid to directors in 1969.